

Message Text

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ACTION EUR-12

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USOECD

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: DISCUSSION AT MAY 24 MEETING OF EPC/TWP
CONCERNING POSSIBLE TERMINATION OF EXCHANGE GUARANTEE
AGREEMENT AND OF COMMITTEE FOR MONETARY AND FOREIGN
EXCHANGE MATTERS

REF: (A) C(78)56, (B) PARIS 26694, (C) 75 PARIS
17054, (D) PARIS 9063

1. OECD COUNCIL DOCUMENT ISSUED APRIL 20 (REF A)
RECALLS THAT, AT END 1975, COUNCIL AGREED TO DECISION
BY CENTRAL BANKS OF 18 OECD COUNTRIES TO SUSPEND FOR
THREE YEARS OPERATIONS OF THE EXCHANGE GUARANTEE
AGREEMENT ESTABLISHED IN 1972 UPON TERMINATION OF THE
EUROPEAN MONETARY AGREEMENT (EMA). THAT 1975 COUNCIL
DECISION -- C(75)134, WHICH IS APPENDED TO REF A --
ALSO SUSPENDED THE COMMITTEE FOR MONETARY AND FOREIGN
EXCHANGE MATTERS (CMX), WHICH HAD BEEN ESTABLISHED
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UPON TERMINATION OF THE EMA CHIEFLY TO PROVIDE SMALLER
OECD COUNTRIES (NON-MEMBERS OF EPC/WP3) WITH A FORUM
TO DISCUSS INTERNATIONAL MONETARY MATTERS. C(75)134
IN TURN CONTAINS REFERENCES TO KEY OECD DOCUMENTS
RELATING TO 1972 DECISIONS, AND REFS B AND C PROVIDE
BACKGROUND TO ADOPTION OF CMX REPORT IN 1975 RECOM-
MENDING SUSPENSION OF EXCHANGE GUARANTEE AND CMX.

COPIES OF REF A WERE MAILED EARLIER DEPARTMENT/EUR/RPE (GELBARD) AND TREASURY (KLOCK).

2. PURPOSE OF REF A IS: (A) TO DRAW ATTENTION OF MEMBER COUNTRIES TO PROXIMITY OF END OF THREE-YEAR PERIOD OF SUSPENSION OF EXCHANGE GUARANTEE ARRANGEMENT (TO WHICH U.S. IS NOT A PARTY) AND OF CMX; (B) TO NOTE THAT QUESTION WILL BE ON AGENDA OF MAY 24 MEETING OF TEMPORARY WORKING PARTY OF ECONOMIC POLICY COMMITTEE AND (C) TO INVITE SECGEN TO REPORT TO COUNCIL RESULTS OF TWP'S DISCUSSION. REF A NOTES THAT THE PROPOSED EXCHANGE OF VIEWS AT TWP MEETING "WOULD PROVIDE AN OPPORTUNITY IF ANY DELEGATION WISHED TO EXPRESS A VIEW AS TO WHETHER THESE SUSPENSION PROVISIONS SHOULD BE MAINTAINED OR WHETHER THE COMMITTEE SHOULD BE CLOSED DOWN".

3. SECRETARIAT HAS ACCEDED TO MISSION'S SUGGESTION THAT IT PUT DOCUMENT ON COUNCIL'S AGENDA UNDER WRITTEN PROCEDURE -- PARTLY TO DEFLECT SMALLER COUNTRIES FROM SUBSTANTIALLY COMMENTING ON THESE QUESTIONS PRIOR TO CONSIDERATION OF THEM IN TWP AND PARTLY BECAUSE DOCUMENT IS FOR INFORMATION RATHER THAN BASIS FOR DECISION (WHICH WILL BE REQUIRED LATER). IF ANY MEMBER OBJECTS TO WRITTEN PROCEDURE, WE WILL ADVISE DATE OF EXECUTIVE COMMITTEE AND COUNCIL CONSIDERATION. LIMITED OFFICIAL USE

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ACTION REQUESTED: UNLESS OTHERWISE INSTRUCTED, MISSION AT TWP (AND IF NECESSARY AT EXECUTIVE COMMITTEE AND COUNCIL) WILL FAVOR DEFINITIVE TERMINATION OF EXCHANGE GUARANTEE ARRANGEMENT AND OF CMX.
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Message Attributes

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